

To Director General of DG TAXUD, Gerassimos Thomas

To Director for Indirect Taxation and Tax Administration, Maria Elena Scoppio

CBAM rules on carbon price paid in third countries should be consistent with the EU ETS rules, including on carbon credits

On May 13, 2026, the European Commission [published](#) the draft Implementing Regulation on “Carbon Price Paid in Third Countries” under the Carbon Border Adjustment Mechanism (CBAM). The proposal establishes rules for converting the effective carbon price paid in a third country into a corresponding number of CBAM certificates and is currently open for consultation for four weeks. The Commission has expressed its intention to adopt it by the end of June. As an overarching principle, the undersigned organisations would like to stress that CBAM rules on this subject should be consistent with the EU ETS.

Among its provisions, the draft allows declarants to claim a reduction in their CBAM obligation based on the purchase of carbon credits. In particular, carbon credits could be recognised as part of the effective carbon price paid, regardless of whether they are generated within the same jurisdiction as the carbon pricing mechanism (domestic credits) or outside that jurisdiction (international credits). While the proposal introduces certain safeguards for international credits, domestic credits are not subject to additional qualitative or quantitative requirements beyond proof of payment.

The undersigned organisations are concerned that the inclusion of domestic and international carbon credits would undermine the integrity of the CBAM. In particular:

- **Equivalence between the EU ETS and the CBAM:** Recital 10 justifies the inclusion of credits by stating that “for the purpose of ensuring equivalence with the carbon price paid under the EU ETS, credits or other emission units purchased under a baseline-and-credit emissions trading system should be considered equivalent to allowances paid under an emissions trading system.” However, carbon credits are not accepted under the EU ETS, where operators are required to surrender allowances corresponding to their verified emissions. Allowing third-country producers to reduce their CBAM obligations through credits would therefore create unequal treatment between EU and non-EU producers, undermining the level playing field that the CBAM is intended to ensure.
- **Climate integrity of the CBAM:** The objective of the mechanism, as established in Article 1 of the CBAM Regulation, is not only to prevent carbon leakage, but also to incentivise emissions reductions in third countries. The proposed treatment of carbon credits, particularly domestic credits which are not subjected to qualitative and quantitative requirements, raises concern regarding whether the mechanism would effectively support this objective.
- **Legal and institutional concerns:** The possibility of regulating the treatment of carbon credits under Article 6 of the Paris Agreement is currently under discussion by the co-legislators in the context of the legislative proposal amending the CBAM Regulation regarding downstream goods and anti-circumvention measures (article 1.7). Introducing such provisions through an implementing act risk prejudging an ongoing legislative discussion.

For these reasons, **the undersigned organisations urge the European Commission to be consistent with the EU ETS and exclude both domestic and international carbon credits from the calculation of the effective carbon price paid under the CBAM.**

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